

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 ISO-00 IO-13 AGRE-00 COME-00

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 8426

INFO AMEMBASSY BOGOTA

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY MEXICO

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 5859

EO 11652 GDS

TAGS ETRD BR

SUBJECT: COFFEE: BRAZILIAN REQUEST FOR URGENT CONSULTATIONS IN LONDON

1. SUMMARY: PROENCA ROSA CALLED IN ECON/COMM COUNSELOR TO PRESENT AIDE-MEMOIRE AND REQUEST THAT US SEND "HIGH-LEVEL REPRESENTATION TO COFFEE AGREEMENT EXECUTIVE BOARD MEETING IN LONDON THE WEEK OF JULY 31-AUGUST4." PROENCA ROSA SAID CAMILLO CALAZANS (PRESIDENT IBC) WILL REPRESENT BRAZIL AND WILL BE AVAILABLE FOR SEVERAL DAYS FOR DISCUSSIONS ON "METHODS TO STRENGTHEN THE AGREEMENT." END SUMMARY.

2. AT THE REQUEST OF THE FOREIGN MINISTRY, ECON/COMM COUNSELOR AND ECONOFF MET WITH MINISTER PROENCA ROSA, HEAD OF ECONOMIC DEPARTMENT OF FOREIGN MINISTRY, THE AFTERNOON OF JULY 26. PROENCA ROSA REPEATED SEVERAL TIMES HIS CONCERN THAT THE INTERNATIONAL COFFEE AGREEMENT (ICA) IS IN DANGER AND THAT IT IS IMPORTANT TO TAKE ACTION BEFORE THE END OF THE COFFEE YEAR (END OF SEPTEMBER) TO "STRENGTHEN THE AGREEMENT." HE STATED IN PART BRAZIL IS CONCERNED
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BY CURRENT PRICE TRENDS BUT OF EVEN GREATER CONCERN IS THE INABILITY OF THE AGREEMENT TO FUNCTION UNDER PRESENT CONDITIONS. BRAZIL FEELS THAT SEPTEMBER IS TOO LATE TO BEGIN SERIOUS DISCUSSIONS ON PRICES AND QUOTAS AND IS SENDING IBC PRESIDENT CALAZANS AS ITS REPRESENTATIVE TO THE JULY 31-AUGUST 4 EXECUTIVE BOARD MEETING IN LONDON. CALAZANS WILL REMAIN IN LONDON AFTER THE MONDAY BOARD MEETING AND BE AVAILABLE FOR FURTHER DISCUSSION AS THE CONSUMERS

MEET TUESDAY AND WEDNESDAY. PROENCA ROSA MENTIONED THAT SEVERAL OTHER IMPORTANT COFFEE PRODUCING NATIONS ARE SENDING "HIGH-LEVEL" DELEGATIONS AND URGED THE US TO DO THE SAME. IN BRAZIL'S VIEW, THESE SENIOR REPRESENTATIVES COULD MEET TO MAKE AN "URGENT SPECIAL EFFORT" TO DEAL WITH THE COFFEE SITUATION.

3. PROENCA ROSA ALSO PROVIDED A COPY OF AN AIDE-MEMOIRE BEING DELIVERED TO THE DEPARTMENT BY THE BRAZILIAN EMBASSY IN WASHINGTON. THE AIDE-MEMOIRE STRESSED BRAZIL'S "GREAT CONCERN" WITH THE US DECISION TO DELAY INTRODUCTION OF IMPLEMENTING LEGISLATION UNTIL NEXT YEAR, STATING THAT THIS DECISION "PUTS INTO DOUBT" AMERICAN COMMITMENT TO THE AGREEMENT. THE MESSAGE CONTINUED THAT THE GOB IS ALSO CONCERNED THE US WOULD NOT SUPPORT THE MEXICAN STOCK PROPOSAL AND THAT A LACK OF SUPPORT WOULD "INEVITABLY BE INTERPRETED AS A LACK OF INTEREST ON THE PART OF THE UNITED STATES IN INTERNATIONAL COOPERATIVE EFFORTS IN THE COFFEE MARKET." FINALLY, THE AIDE-MEMOIRE STATED THAT BRAZIL WOULD LIKE TO KNOW WHAT OBJECTIVE CRITERIA THE US HAS IN MIND TO DETERMINE THE LEVEL OF TRIGGER PRICES AND THAT BRAZIL OBJECTS TO THE LINKAGE BETWEEN TRIGGER PRICES AND US IMPLEMENTING LEGISLATION. SAYRE

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